



January 14, 2004

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DANA M. SMITH
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Unincorporated Islands Program – Three-Year Review

Introduction

The Unincorporated Islands Program has reached its third year anniversary. Launched in January 2001, the Islands Program is a collaborative program of the County of Orange, the League of Cities and LAFCO to annex 50 small, unincorporated islands in Orange County within three years. The following report provides your Commission with:

- A status report on Orange County's small islands
- An Islands Program budget update
- A proposed strategy for future staff efforts addressing small islands after the program's expiration in July 2004

Status of Small Island Annexations

Since the program's inception in January 2001, 21 small islands have been successfully completed. These include 7 islands within the City of Costa Mesa, 11 islands within the City of Orange, 1 island within the City of Brea, 1 island within the City of Laguna Niguel, and 1 island within the City of Tustin. (An annotated inventory of all small islands is included as Exhibit A to this staff report for your Commission's review).

Program Budget Update

In June 2000, your Commission adopted a three-year work program and resource plan. The total cost of the three-year work program was \$297,000 plus two full time staff positions. The County agreed to fully fund the first two years of the Islands Program and provide two full time staff positions for two years. Current costs for the third year of the Islands Program are fully funded through the LAFCO budget.

As of December 2003, the current balance within the Islands Program budget is \$65,573.00. The Islands budget covers fiscal, legal and communication services as well as direct costs to the agency. In addition, one-half of the salary expense for one of LAFCO's analyst positions continues to be funded through the Islands budget. It is estimated that Islands Program expenses for the remaining six months of FY 2003-2004 will largely exhaust the remaining funds within the Islands budget.

Proposed Strategy for Future Staff Efforts on Small Islands

LAFCO and County staff have worked extensively with all 14 cities in Orange County with small islands. While we have been successful in completing the annexation of almost 50 percent of the total number of small islands in Orange County, the annexation process for some of the remaining islands has been problematic. Some cities are opposed to initiating annexation of small islands at this time due to strong resident opposition expressed from island residents. Many of the other small islands have significant infrastructure shortfalls, including, but not limited to, the presence of septic tanks. The County continues to explore funding opportunities and work with individual cities and LAFCO staff to pursue resolution of these issues.

At this time, LAFCO and County staff are actively working with the Cities of Anaheim, Fullerton, Garden Grove and Placentia regarding the potential annexation of 9 additional small islands within the current fiscal year. If successful, this would bring the total number of islands annexed to 30 (or 60 percent of the total number of small islands within the County since the program's inception).

Proposed Islands Strategy

During the remaining 6 months of the Islands Program, staff believes its efforts can be most effectively focused on the potential annexation of the 9 islands identified above. While staff will continue to work with any city interested in island annexations, it is doubtful that additional islands beyond the 9 islands referenced above will be annexed prior to the conclusion of the Islands Program in June 2004. With Islands funding expected to be depleted by June 2004, staff is also recommending that, beginning July 1, 2004, LAFCO no longer waive application fees for future island annexations.

Recommendations:

Staff recommends the following:

1. Receive and file staff report.
2. Direct staff to continue working toward the completion of island annexations within the Cities of Anaheim, Fullerton, Garden Grove and Placentia during the remaining six months of the Islands Program.
3. Direct staff to provide notice to all cities with remaining small islands that application fees for small island annexations will no longer be waived if annexation is initiated after July 1, 2004.

Respectfully submitted,

DANA M. SMITH

BOB ALDRICH

Attachment:

Exhibit A: Islands Summary